

**Requests for Proposal (RFP) for the  
Medicare Part A/Part B Administrative Contractor (A/B MAC)  
for Cycle 2  
Background Sheet**

August 31, 2007

- On August 31, 2007, the Centers for Medicare & Medicaid Services (CMS) released two solicitations for the jurisdictions included in Cycle Two. These solicitations are for the MACs that will serve Medicare beneficiaries and providers in Jurisdictions 8, 9, and 10 as well as 6, 11, 14 and 15.
- The states included in Jurisdiction 6 are Illinois, Minnesota and Wisconsin.
- The states included in Jurisdiction 8 are Indiana and Michigan.
- The states included in Jurisdiction 9 are Florida, Puerto Rico and U.S. Virgin Islands.
- The states included in Jurisdiction 10 are Alabama, Georgia and Tennessee.
- The states included in Jurisdiction 11 are North Carolina, South Carolina, Virginia and West Virginia.
- The states included in Jurisdiction 14 are Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.
- The states included in Jurisdiction 15 are Kentucky and Ohio.
- These jurisdictions represent approximately 48% of the fee-for-service (FFS) workload.
- In March 2007, CMS announced that the home health and hospice workloads would be consolidated into four of the A/B MAC contracts instead of being procured separately under Cycle Two. The home health and hospice workload has been split into four jurisdictions that match those for the MACs that will be serving the Durable Medical Equipment suppliers. CMS will integrate the four home health and hospice jurisdictional claims workloads into the following four A/B MAC jurisdictions:
  - Jurisdiction 6 will include home health and hospice Jurisdiction D,
  - Jurisdiction 11 will include home health and hospice Jurisdiction C,
  - Jurisdiction 14 will include home health and hospice Jurisdiction A and
  - Jurisdiction 15 will include home health and hospice Jurisdiction B.

- The solicitations for Cycle Two are posted on FedBizOpps, in accordance with Federal Acquisition Regulation Subpart 5.2 - Synopses of Proposed Contract Actions.
- CMS' procurement schedule for the MACs anticipates contract award for these jurisdictions between July and September 2008.
- These RFPs include the following jurisdiction specific requirements:
  - Low Vision Demonstration for the J10, J11, and J14 MACs,
  - Medicare Part B Drug Code Crosswalk File the J11 MAC,
  - Home Health Third Party Liability Demonstration Project for the J14 MAC,
  - Medicare Adult Day Care Demonstration for the J11, J14 and J15 MACs,
  - Limited Purpose Insurance Company for the J10 MAC,
  - Organ Procurement Organizations for the J10 MAC,
  - Religious Nonmedical Health Care Institution for the J10 MAC,
  - Histocompatibility Lab for J10 MAC,
  - Spanish Translation of HCPCS Code Descriptors for the J9 MAC,
  - High Risk Fraud and Abuse Areas for the J8 and J9 MACs,
  - Medicare Home Health Agency Provider Enrollment Demonstration for the J6 and J11 MACs and
  - Medicare Integrity Program Demonstration for Providers of Infusion Therapy in High Risk Areas for the J9 MAC.
- CMS has awarded the J3, J4 and J5 A/B MACs and is currently conducting 12 other fee-for-service MAC procurements, for a total of 15 separate A/B MAC contracts. Each procurement will be for the administration of both the Medicare Part A and Part B (A/B) benefits in a specified geographic jurisdiction of the country. All of the contracts are to be awarded, and all jurisdictional A/B MACs are to be operational, by October 2011.
- CMS is conducting these MAC procurements in accordance with section 911 of the Medicare Modernization Act (MMA) which requires the Secretary to take needed steps to implement Medicare Contracting Reform by 2011. The Medicare Contracting Reform provision mandates the conduct of full and open competitions for the work currently handled by fiscal intermediaries and carriers in administering the Medicare fee-for-service program. The entities that are awarded contracts under these competitions will be known as MACs.
- During the period the solicitations for Cycle Two were being developed, CMS released five Requests for Information (RFIs) via FedBizOpps. Industry feedback submitted during the review period was considered and used to assist CMS in refining the procurement documents prior to release of the final RFP.
  - The first RFI, released by CMS on September 14, 2006, solicited industry feedback on the proposed acquisition model for Cycle Two. The comment period closed September 27, 2006.
  - The second RFI, released on January 22, 2007, requested feedback from industry on a revised acquisition model for Cycle Two including a proposed

- The third RFI, released on March 22, 2007, requested that industry review the documents included in the RFI and provide specific technical, programmatic and/or contractual feedback. The comment period for the third RFI closed April 11, 2007.
  - The fourth RFI, released on May 9, 2007, solicited industry feedback on the proposed technical evaluation criteria options and oral presentations. The comment period for the fourth RFI closed May 16, 2007.
  - The fifth RFI, released on July 18, 2007, solicited industry feedback on the draft Statement of Work (SOW). The comment period for the fifth RFI closed August 2, 2007.
- During the development of the solicitations for Cycle Two, CMS participated in various Open Door Forum and provider feedback conference calls.
- CMS' vision for Medicare fee-for-service is that of a premier health plan that allows for comprehensive, quality care and world-class beneficiary and provider service. This includes establishing a single point-of-contact for the information needs of Medicare beneficiaries and another for the providers of health care services. In addition to improving its customer service, CMS will make advances to create a modernized administrative information technology platform.
- CMS has decided that it will continue to utilize functional contractors in the future to increase the efficiency of Medicare services for beneficiaries and providers. These functional contractors include the Beneficiary Contact Centers, Coordination of Benefits Contractors, Enterprise Data Centers, Qualified Independent Contractors (QIC) for Medicare appeals, as well as Administrative QICs, Quality Improvement Organizations, Medicare Secondary Payer Recovery Contractors, Recovery Audit Contractors, Zone Program Integrity Contractors.
- CMS continues to consider the role that incentives will play in the A/B MAC contracts. Financial incentives offer the agency a valuable tool in the management of the fee-for-service program.
- CMS will not require the entities awarded the contracts to offer employment to staff of the fiscal intermediaries and carriers it will replace (i.e., "outgoing" contractors).
- All Cycle Two procurement information is provided on FedBizOpps at: <http://www.fedbizopps.gov>. Additional information on Medicare Contracting Reform can be found on CMS' contracting reform website at: <http://www.cms.hhs.gov/medicarecontractingreform/>.
- With the release of these solicitations, the acquisition for the J6, J8, J9, J10, J11, J14 and J15 MACs has become "procurement sensitive." Any inquiries concerning these

solicitations are to be directed to **Linda Hook**, the Contracting Officer. Linda works in the Office of Acquisition and Grants Management. Her e-mail and phone number are: [Linda.hook@cms.hhs.gov](mailto:Linda.hook@cms.hhs.gov) and (410-786-8371).